IRRC

Investor
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Research
Center Inc.

Social Issues Service

1994 PROXY SEASON PREVIEW

Social Policy Shareholder Resolutions

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NOTE: These are the resolutions pending as of December. 17, 1993. Some of these proposals will undoubtedly be withdrawn or omitted as the proxy season progresses.

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ANIMAL PROTECTION

Overview

IRRC has located only one animal protection resolution so far this year--a proposal from Franklin Research & Development and Animal Rights International to McDonald's asking it to set standards for suppliers stipulating the conditions under which the meat and poultry it purchases must be raised. That may be the extent of the proposals on animal issues; the woman who filed last year's resolution on phasing out animal testing at American Home Products appears to have missed the filing deadline, and People for the Ethical Treatment of Animals says it's concentrating on avenues other than shareholder proposals. Animal rights is an area, though, where resolutions sometimes appear over the transom (like the resolution to AHP last year), so we'll be watching for strays in the files at the SEC.

The resolution

The proposal to McDonald's says that the sponsors believe that adherence to the following principles would help assure humane treatment of animals that are to be sold for food: "1) Least Restrictive Alternative--animals should be housed, fed and transported in a practical manner least restrictive of their physical and behavioral needs; 2) Individual Veterinary Care--animals should be afforded individual veterinary care when needed; 3) Humane Slaughter--methods should be designed to produce a quick and humane death. The resolved clause asks the board to endorse the principles "and encourage the company's suppliers to take all reasonable steps to comply with the company's efforts to encourage adherence to these principles."

IRRC information and contact

The last report IRRC published on the factory farming issue raised in the resolution to McDonald's was 1991 Background Report CC, on a resolution that asked PepsiCo to report on how factory farming affects the animals whose meat and poultry it sells in its restaurant chains. Trex Proffitt was the author of that report. The animal protection movement and debate over product testing are discussed at length in IRRC's 1990 Special Report, *Animal Testing and Consumer Products*. The author, Heidi Welsh, is IRRC's expert on animal testing and will cover any proposals that turn up.

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BEER MARKETING

Overview

One resolution pending for 1994 deals with alcohol. Church shareholders and Dr. John Slade are asking Anheuser-Busch to report on beer marketing and the consumption of beer by minors. Slade had proposed that resolution to Philip Morris in 1991 and 1992.

The resolution

The proposal asks management to report by Jan. 31, 1995, on the following:

--The degree to which, even if unintentional, the company's beer marketing reaches and is noticed by underage minors;

--An estimate of the amount and percentage of the company's beer that is consumed by underage minors per year;

--The company's plan for monitoring its compliance with the Brewing Industry Advertising Guidelines;

--The company's proposal for amending the Brewing Industry Advertising Guidelines or for adopting more stringent standards for itself in light of the findings and recommendations of the Inspector General and [former] Surgeon General Antonio Novello.

IRRC information and contact

Trex Proffitt covers this issue for IRRC. Our Background Report when the proposal last came up in 1992 was letter Q. Institutions' views on the 1992 beer advertising proposal were discussed in the 1992 version of our report on *How Institutions Voted on Social Policy Shareholder Resolutions.*

BURMESE OPERATIONS

Overview

Support for the repressive military regime in Burma (called Myanmar by its military government) is the subject of a four resolutions sponsored by Franklin Research and Development and/or church shareholders. This issue made an appearance as a shareholder concern for the first time last year, but all of the resolutions were withdrawn fairly quickly, so many proxy voters won't have dealt with the subject. The proponents think withdrawals are less likely this time around.

The resolutions

The target companies are Amoco, PepsiCo, Texaco and Unocal.

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Reporting: A particular concern of activists on this issue is a planned pipeline project to move natural gas fields that are being developed offshore Burma to energy-hungry Thailand. The opposition Democratic Alliance of Burma has denounced the multi-million dollar project, saying the pipeline--which is likely to go through what has been rebel-held territory--will induce the military regime to step up its suppression of ethnic groups. Identical resolutions to Texaco and Unocal are prompted in part by this issue. They ask the companies to issue a report to shareholders that covers the following areas:

1. The nature and extent of sales, servicing and other economic ties, including the total amount for the years 1991, 1992 and 1993.

2. Taxes and fees paid to the Slorc (State Law and Order Restoration Council) government for each of these years, including transfers to Burmese companies owned in full or in part by Slorc.

3. Money paid to provide social programs and actions supporting human rights.

4. Plans to continue and expand operations in light of the call for economic and investment sanctions.

5. Impact on human rights and environment from the Andaman Sea concession that proposes a gas pipeline to Thailand.

Withdrawal: The resolutions to Amoco and PepsiCo ask the companies to adopt a policy that they and any subsidiaries or affiliates will terminate forthwith all financial and business ties to Slorc and all agencies of the military government of Burma. Pepsi has been under considerable pressure since it decided to go into Burma in 1991. A "boycott Pepsi" flier sent to IRRC makes the following case: "Foreign investments provide money for the military regime to continue its war against the people of Burma. This must stop! Pepsi not only supports the military regime through their investments, but also provides a useless commodity to people who are in need or more and better food and health care."

IRRC information and contact

We've published long reports on the Burma controversy in the February (p. 11) and November (p. 4) issues of *News for Investors* and an article on an Amnesty International report in the December issue (p. 12). The November story includes a box on reports produced by Amoco and PepsiCo in response to shareholder resolutions that the proponents withdrew last year. Ken Bertsch is tracking this issue for us.

CHINESE AND RUSSIAN SLAVE LABOR

Overview

Franklin Research & Development has proposed a new resolution to Dow Chemical asking for a report on a 1988 visit by company representatives to Shenyang Xinsheng Chemical Works.

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which is allegedly part of China's Laogai forced labor system. In addition, an old resolution on Communist use of slave labor that right-wing activists who were associated with a group called Stockholders for World Freedom submitted to a number of companies in the mid-'80s is pending at two companies. Conservative activist Mark Seidenberg revived it last year, and proposed it to AT&T (where it was omitted on technical grounds) and to General Motors, where it got 6.1 percent support. He has again submitted it to both companies.

While this is a not a new issue, it has taken on new relevance with recent publicity about the use of slave labor in China that has come out in the controversy over renewal of most-favored-nation status.

The resolutions

Franklin Research: Franklin's resolution asks Dow's board "to issue a comprehensive report on its business relationships with entities in China and measures taken to prevent any future dealings with Laogai forced labor enterprises." It proposes that the report include: "1. A full accounting of the circumstances surrounding the 1988 visit by Dow Chemical representatives to Shenyang Xinsheng Chemical Works, including a copy of Dow's internal report on the incident, and 2. Details of actions taken by Dow Chemical to ensure that the company has no future dealings with Chinese Laogai forced labor enterprises."

Seidenberg: Seidenberg's proposal asks the companies to adopt the following policies for dealings with China and the former Soviet Union: "1. Goods or services produced in whole or part by slave or forced labor shall not be acceptable for delivery to the corporation, its subsidiaries, affiliates, or joint ventures. A suitable certificate of origin shall be required; 2. Goods provided by the corporation, its subsidiaries, affiliates or joint ventures shall not be sold to or otherwise provided to any facility utilizing slave or forced labor. A suitable certificate of use shall be required; 3. The right of on-site inspection to determine the existence of slave or forced labor shall be vigorously pursued; 4. The corporation shall cooperate promptly, energetically, and fully with the United States government and any international organization in their laws or policies to discourage the use of slave or forced labor.

IRRC information and contact

Ian Wright follows slave labor for IRRC. The combined Background-Company Report on the 1993 resolution to GM was IRRC Proxy Report W. We wrote about international standards for vendors, which cover forced labor, in the June issue of *News for Investors* (p.9), and an article that begins on p.9 of the July issue discusses the controversy over Laogai slave labor in China and the renewal of most-favored-nation status.

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COMMUNITY REINVESTMENT

Overview

Originally it looked as if community reinvestment was going to be one of the major new issues of the 1993 proxy season, but most of a batch of shareholder resolutions requesting information about lending in low-income and minority neighborhoods were withdrawn when banks provided the information. However, one company--Banc One--not only declined to provide the data, but also went to the SEC with the argument that it should be allowed to omit the resolution on ordinary business grounds. The proponents assumed that Banc One didn't have a case and didn't even file a counter argument, only to have the SEC decide the proposal could indeed be omitted because it involved a request for detailed information. This has led Franklin Research & Development and church shareholders to file a different resolution with Banc One for 1994. In addition, a church group in Wisconsin has proposed a new resolution to Nationsbank on rural community reinvestment.

The resolution

Banc One: This year's resolution to Banc One asks the board to develop a policy that includes all financial subsidiaries of the corporation (both depository and non-depository) under a general program for community reinvestment similar to that required of individual depository subsidiaries under the Community Reinvestment Act and to report annually to shareholders on its achievements.

Nationsbank: The proposal to Nationsbank asks the board to report to shareholders on specific steps and actions taken during fiscal 1993 to address the credit needs of small and mid-size family farms and rural small business enterprises. The whereas clauses note that the Community Reinvestment Act has been used mostly by community groups in urban areas to address lending policies related to housing loans, but that there is a growing awareness that the act is also applicable to rural areas and banks that serve rural communities.

IRRC information and contact

The story that begins on p. 9 of the December 1992 issue of *News for Investors* covers the Community Reinvestment Act in depth. Susan Williams (603-675-9274) is IRRC's expert.

CORPORATE CONTRIBUTIONS

Overview

Resolutions on corporate contributions were common in the early 1980s and then largely disappeared until 1987, when proponents began using them as a vehicle for bringing up the issue of support for abortion. That led to other campaigns on targeted contributions, such as support for environmental issues. The SEC staff, which initially allowed the resolutions on the basis of a 1970s precedent involving contributions in support of vivisection, reversed itself in 1992 and

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allowed companies to leave many of the proposals out on ordinary business grounds. As a result, many of the resolutions have again disappeared. Shirley Leschin, who pioneered the anti-abortion contributions proposal, is one of the proponents who has given up. Nevertheless, a handful of contributions resolutions continue to appear: A few companies have accepted them without challenging them at the SEC, and the SEC has continued to find that broad proposals on shareholder-designated contributions programs don't fall under the ordinary business exemption.

In addition to those resolutions discussed below, new resolutions from individual shareholders who aren't familiar with IRRC and therefore don't inform us in advance about their plans are common in the charitable contributions area. We'll be watching the SEC files and will add to the checklist any resolutions that turn up.

The resolutions

Contributions to Planned Parenthood: Joseph Grant has proposed a resolution asking Pacific Telesis to donate to Planned Parenthood of America. Grant says it is important for companies to support Planned Parenthood's teenage educational programs for pregnancy prevention , which help teenagers remain in school and become productive citizens. The SEC has allowed companies to exclude resolutions on targeted contributions in the last two years, but Grant told IRRC that he had filed this proposal too late for the 1993 annual meeting and that the company said it would hold it for the 1994 meeting and include it in the proxy statement.

Discrimination in contributions: Patrick Inniss continues to be unhappy about McDonnell Douglas's administration of employee volunteer programs, which he feels discriminate based on religion and sexual orientation. A new resolution on this issue asks the company to "no longer question or consider the religious beliefs of applicants to the McDonnell Douglas Explorer Post Program." Inniss objects that McDonnell Douglas's Explorer Post Program enforces membership standards established by the Explorers, a division of the Boy Scouts, which requires that the company accept as Explorer leaders only people who comply with the Scout's Declaration of Religious Principle. Inniss believes this contravenes McDonnell Douglas's policies that prohibit religious discrimination in its educational and recreational programs.

IRRC information and contact

The 1993 Background Report on corporate contributions issues was Background Report N. The 1991 edition of our annual *How Institutions Voted* report had a section (pp. 46-51) on institutions' attitudes toward contributions proposals--which were quite negative. Ken Bertsch covers these proposals.

DRUG PRICING AND REPORTING

Overview

Last year, to considerable surprise, the SEC staff decided that the question of how drug companies priced their products was appropriate for shareholder resolutions because it had a

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bearing on fundamental business strategy. This led to votes on two resolutions at Eli Lilly from members of a senior citizens group in Indianapolis. Church groups had proposed resolutions asking for drug pricing information last year and withdrawn them when information was forthcoming. This year, taking advantage of the opening left by the SEC ruling, they've proposed a different and more stringent resolution to 11 companies.

In addition, an anti-abortion group, Pro Vita Advisors, has proposed a first-time resolution to Upjohn asking it to take steps to inform women about the potential of its drugs to cause abortion.

The resolutions

Church resolution: IRRC has been told that the recipients of the church-sponsored drug proposal are Abbott Laboratories, American Home Products, Baxter International, Bristol-Myers Squibb, Eli Lilly, Johnson & Johnson, Merck, Pfizer, Schering-Plough, Upjohn and Warner-Lambert.

The resolution requests the board "to create and implement a policy of price restraint of pharmaceutical products for both the average individual consumer and the institutional purchasers utilizing a combination of approaches to keep drug prices to a reasonable level" and report to shareholders "on positive changes in policies and pricing procedures" by September 1994. The supporting statement suggests that the board consider a formula whereby the individual price on each of the top five prescription drugs for the retail market based on dollar volume in the United States...be no higher than 10 percent of the average price for each of the five drugs in the top five markets of these same drugs in the industrialized world."

Pro Vita Advisors: The proposal from Pro Vita Advisors asks Upjohn to form a committee that would formulate an educational plan to inform "literate and non-literate women of the possible abortifacient action of any of the company's products" and report by Nov. 1, 1994. An accompanying release notes that Upjohn is now introducing the contraceptive Depo-Provera to American women but is not publicizing the fact that it can cause an abortion if the woman is pregnant.

IRRC information and contact

Heidi Welsh covers drug issues for us. The 1993 Background Report was Letter L. There was also an extensive article on the subject in the February issue of News for Investors (p. 6). Pages 59-65 of our 1993 report on *How Institutions Voted on Social Policy Resolutions* discuss institutions' (largely negative) views of the proposals that came to votes at Eli Lilly in 1993.

ENERGY

Overview

Church shareholders are returning to the issue of Canadian utility Hydro-Quebec's controversial power projects in Northern Canada with a new proposal to two project underwriters and a resolution to Con Edison. This is an issue that has come up in shareholder resolutions several

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times, but the proposals have always been withdrawn. Church groups have also submitted a new resolution on alternative energy and carbon dioxide emissions to several utilities. A different version of that resolution was withdrawn at six utilities last year.

The resolutions

Hydro-Quebec: The subject at issue is the proposed Great Whale project that is being planned by Hydro-Quebec in an area of the far north populated largely by Cree Indians.

One resolution asks American Express and Merrill Lynch to prepare reports that would include a summary of why they have participated in underwriting bonds being "used for such a financially and environmentally controversial project" and in providing consulting services to the Quebec government, a summary of policy on future involvement in Hydro-Quebec financing, and a summary of the companies' history with the project and future plans.

The proponents of the resolution assert that participation in the sale of Hydro-Quebec bonds "will contribute to the devastation of land, community, family and economy of the indigenous inhabitants of Quebec."

The resolution to Con Edison asks it to describe its contractual relationship with Hydro-Quebec; to provide an evaluation of the proposed energy cost versus the cost of cogeneration or conservation investment; to discuss policy decisions related to the project; and to summarize the environmental impacts and social impacts on the native peoples of northern Quebec.

Energy efficiency and emissions: The new church proposal asks companies to report on the "potential for large capital costs to the company if standards on carbon dioxide emissions are imposed; the projected amount of such costs; and company plans to use alternative energy sources."

This resolution has been proposed to Allegheny Power, GPU and Niagara Mohawk.

Other energy proposals: The other resolutions that we know of are all repeats:

Boston Edison--Mary Ott has refiled her third-year proposal asking Boston Edison to "carry out the immediate shutdown of the Pilgrim nuclear power station and arrange for its orderly retirement."

Florida Progress--Louis Putney continues to file resolutions with Florida Progress on its Crystal River plant. Last year's fourth-year resubmission failed to get enough support to return, so Putney has now written the following two-part proposal, which asks the board of directors: "1) to devote increased resources to develop and commercialize conservation and renewable energy programs, such as solar, biomass and wind, to meet customer demand for electricity, and send a report on such programs to shareholders annually; and 2) To adopt the following policy: Florida Progress Corp. shall immediately cease its operation of the nuclear power plant at Crystal River, Florida, unless and until the dangers associated with its nuclear operations are resolved."

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Philadelphia Electric-- Robert Sutton, a shareholder affiliated with the Maryland Safe Energy Coalition, is resubmitting last year's resolution to Philadelphia Electric asking the company to "expand energy conservation, reduce energy waste, utilize more renewable energy sources, implement least-cost energy planning, and minimize environmental damage in all methods chosen to serve customers."

Union Electric--Returning for a fifth year is the church resolution asking Union Electric to describe its efforts to reduce the release of radioactive materials to the air and water during the Callaway nuclear plant's routine operation, and to comply with the Missouri Clean Water Commission's requirement that continuous-flow monitors of beta emitters be installed and operated.

IRRC information and contacts

Articles in the October (p.14) and November (p. 12) issues of News for Investors discussed the Hydro-Quebec controversy in depth, and an 80-page Special Report on the subject is at the printer. Susan Williams, who visited the Great Whale site this year, is the author. Thea Browder of IRRC's Environmental Information Service is tracking the other energy resolutions and will be writing most of those reports. Our 1993 Background Report on nuclear power and related energy issues was Report F.

ENVIRONMENTAL ISSUES (THE CERES PRINCIPLES AND OTHER PROPOSALS)

Overview

Once again, most of the action in the environmental area involves the Ceres principles. Unlike last year, when supporters made major changes in the principles, proxy voters will be dealing with the same code that they voted on in 1993, and the language of the resolutions has changed only slightly. There are still two types of Ceres resolutions, one asking companies to endorse the principles and one asking them to report on environmental performance in the areas covered by the principles. Many of the 37 target companies received Ceres resolutions last year. The number of Ceres principles proposals is somewhat lower than it was at this time a year ago, reflecting in part the fact that the campaign has been around for awhile and some of the long-running resolutions failed to receive the necessary 10 percent support now required for resubmission.

In a new effort, PepsiCo is receiving a resolution on recycling, whose primary filer is a new shareholder proponent, Green Century Funds.

Friends of the Earth has proposed resolutions to two companies on environmental liabilities, and a Carpenters pension fund has a resolution asking DuPont to have only outside directors on the environmental policy committee.

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The other environmental resolutions are familiar. Church groups have refiled a resolution on ozone-depleting chemicals with Great Lakes Chemical and a proposal on accidents at Union Carbide. The latter resolution is also being proposed to Chevron and International Paper for the first time.

The resolutions

Ceres principles: As in 1993, the bulk of the Ceres proposals ask companies to "endorse" the principles. The supporting statement again spells out the request by asking the recipient to (1) state its endorsement in a letter signed by a senior officer; (2) promise to implement the principles; and (3) annually complete the Ceres report.

This resolution is pending at 30 companies--Alcoa, AlliedSignal American Express, AT&T, Amoco, Bethlehem Steel, Boeing, Bristol-Myers Squibb, Central & South West, Cooper Industries, Corning, R.R. Donnelley, FPL Group, General Electric, Georgia-Pacific, W.R. Grace, GTE, IBM, ITT, Lockheed, Martin Marietta, McDonald's, PepsiCo, Phillips Petroleum, RJR Nabisco, Tenneco, USX, Westinghouse and Weyerhaeuser. The resolution is a resubmission at 21 of the targets. It didn't come to a vote last year at Alcoa, AlliedSignal, Amoco, Bethlehem Steel, Boeing, Central & South West, Cooper Industries, Lockheed and Phillips Petroleum.

The reporting resolution asks companies "to prepare a report at reasonable cost and omitting proprietary information, describing company programs, progress and future plans relative to the Ceres principles, and using the standard Ceres Report Form as a guide." This proposal is pending at Atlantic Richfield, Boeing, Coastal, Equitable Resources, Homestake Mining, Maxus Energy, Newmont Mining and Unocal. It's new at Equitable.

Recycling: A new resolution filed by Green Century Funds in Boston asks PepsiCo to "promote packaging reduction and recycling systems wherever possible and in such ways as, but not limited to, those that create requirements for reduced, reusable, recyclable or recycled content packaging." This is the first shareholder resolution ever on the recycling issue.

The resolution has been prompted by unhappiness over PepsiCo's lobbying against bottle bills and related legislation; the proposal alleges that the company contributed more than half a million dollars to political action committees that were working to defeat such legislation. It also asserts that in 1992 "the company contributed $60,000 in Massachusetts alone to oppose legislation designed to help the environment and the economy by reducing the waste heading to landfills and incinerators, getting rid of wasteful packaging, and raising statewide recycling levels by creating markets for collected recyclables."

Chemical emissions abroad: Friends of the Earth has arranged for the filing of resolutions to Atlantic Richfield and DuPont on environmental liabilities.

The resolution to Arco asks the board to prepare "a brief report explaining Arco policy on SEC environmental reporting, also explaining how the company now determines which environmental liabilities, cleanup responsibilities, and remediation costs to disclose to shareholders." DuPont is

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asked to "disclose in its annual environmental progress report a listing of those sites and other circumstances in which it can be reasonably expected through retirement of operations, court order, consent decree, litigation or government requirement, that environmental remediation, pollution cleanup, and/or damage compensation will cause environmental liabilities to accrue to the company." The supporting statements cite recent environmental problems both companies have had and point to a 1992 Price Waterhouse survey that found that as many as 62 percent of the responding companies had known environmental liabilities that were not yet recorded in financial statements.

Environmental policy committee membership: DuPont also has a new environmental proposal from the United Brotherhood of Carpenters and Joiners. It asks DuPont to staff its board's environmental policy committee exclusively with independent directors; independent directors are identified as persons not employed by or engaged in business transactions with the company in the last five years and not a party to agreements compelling DuPont shares to be voted with management in certain circumstances. The supporting statement argues that material losses from the controversy surrounding the Benlate DF pesticide and other "troubling examples of poor environmental performance clearly indicate that the current environmental policy committee has failed to act as an effective, internal watchdog."

Information on accidents and environmental practices: Church shareholders have rewritten a 1993 resolution to Union Carbide on community environmental hazards at industrial facilities. The new version is being proposed to Carbide and to two new targets--Chevron and International Paper. It requests the companies to publish a report by September 1993 "sufficiently comprehensive to permit interested persons to assess: (a) environmental and safety hazards to communities surrounding its plants, such as risks and consequences of chemical accidents, preventative measures, and plans to reduce the use of toxics; (b) communities' rights to inspect facilities with regard to these hazards; (c) company policy and procedures in these areas." In the case of Carbide, the resolution seems to be aimed at receiving information about a recent accident at Carbide's Seadrift, Texas, plant.

Ozone depletion: The one resolution that relates to concerns about the ozone layer is a resubmission to Great Lakes Chemical, one of the two U.S. companies that manufactures methyl bromide. The resolution asks the company to adopt a policy on the public health dangers of the chemical and rapidly move to phase out production.

IRRC information and contacts

Doug Cogan (603-674-9274) is IRRC's expert on the Ceres campaign. His comprehensive article that begins on p. 7 of the May issue of *News for Investors* discusses the 1993 Ceres campaign and the reaction to the revisions to the principles that were made at the end of the 1992 proxy season. An article that begins on p. 9 of the December issue brings the campaign up to date. The 1993 edition of our *How Institutions Voted* report has a section (pp. 19-33) on institutional investors' thinking about the principles.

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Cogan also covers the community hazards and ozone depletion issues for IRRC. The 1993 report on community hazards was Background Report Q; the methyl bromide-ozone connection was covered in Background Report U.

Susan Williams, also at 603-675-9274, follows recycling for IRRC. She is the author of *Trash to Cash*, IRRC's 1991 Special Report.

The issue of unreported environmental liabilities that is the subject of Friends of the Earth's resolutions to Atlantic Richfield and DuPont was highlighted in a speech earlier this year by SEC Commissioner Richard Roberts. It was covered on p. 5 of the May issue of News for Investors.

EQUAL EMPLOYMENT

Overview

As this goes to press, the picture on equal employment proposals is extremely confused. In April, Judge Kimba Wood ordered Wal-Mart to include in its proxy statement a shareholder resolution asking the company to report on its equal employment policies and progress; the SEC staff had advised the company that it could exclude the resolution on ordinary business grounds because it requested "detailed information." Following the staff decision, the proponents, the Amalgamated Clothing and Textile Workers Union and church shareholders, took the matter to court and won.

Things didn't end there, though. Also pending at the time of the Wal-Mart case was a later suit filed by the New York City Employees' Retirement System and two co-plaintiffs challenging a broader, subsequent SEC policy in which it allowed Cracker Barrel Old Country Stores to exclude a shareholder resolution on adopting a nondiscrimination policy against gay employees. When it allowed the exclusion, the SEC had permitted the company to omit the proposal on ordinary business grounds and had pronounced that it would consider all employment-related resolutions excludable in the future because the line between resolutions with and without social policy content had become too difficult to draw. Judge Wood also held against the SEC in that case Oct. 15, but the SEC has appealed. Moreover, the SEC has said that because of the uncertainty until the appeal is decided, it won't issue any no-action letters on ordinary business questions. This could throw the proxy season into chaos--ordinary business is the ground most often cited by companies looking to omit proposals. And even if it loses the appeal, the SEC won't be dealing with ordinary business issues until February at the earliest, and it's not out of the question that if the appeal moves slowly the ordinary business exclusion won't be available during the 1994 proxy season at all. This leaves companies in a dilemma--should they omit resolutions and face possible court challenges from proponents, or play it safe and go ahead and include them?

Partly because of their victory in the Wal-Mart case, shareholders have proposed an unusually large number of resolutions on equal employment this year, zeroing in on companies that had been unresponsive to requests for affirmative action data, but because of the legal uncertainties,

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it's anyone's guess how many will come to votes. Most of the proponents are church groups, but Franklin Research & Development has also filed.

The resolutions

EEO reporting resolutions have been proposed to American International Group, Amoco, AMP, Caterpillar, Dayton-Hudson, Dillard, Eastman Kodak, W.W. Grainger, GTE, Leggett & Platt, Mobil, Shoney's, Texaco, Tecumseh Products, USAir and Wal-Mart.

The resolution to Texaco is unusual, growing out of complaints and lawsuits brought by minority and female employees. It asks for a board review of Texaco's EEO policies and practices and a summary report from the public responsibility committee in the following areas: "1. Affirmative action/equal employment and implementation plans; 2. Our company's hiring and performance evaluation/grading processes ensure nondiscriminatory, comparable rewards for all employees and how they can be improved; 3. Analysis of efforts to attain realistic minority representation at the middle, upper middle and executive levels of managerial employees and plans for improvement; 4. Analysis of the number of complaints and lawsuits brought by minority and female employees, the company's potential financial liability, and whether Texaco needs to take steps to deal with these issues more creatively before they become matters for legal action."

The other resolutions are variations on the standard EEO reporting proposal, with minor variations depending on the filer or the industry involved. The basic resolution asks for a report by September 1994 with the following: "1. A chart identifying employees according to their sex and race in each of the nine major Equal Employment Opportunity Commission-defined job categories for 1991, 1992, 1993 listing either numbers or percentages in each category; 2. A summary description of any affirmative action policies and programs to improve performance, including job categories where women and minorities are underutilized; 3. A description of any policies and programs oriented specifically toward increasing the number of managers who are qualified females and/or belong to minorities; 4. A general description of how our company publicizes our company's affirmative action policies and programs to merchandise suppliers and service providers; 5. A description of any policies and programs utilizing the purchase of goods and services from minority-and/or female-owned business enterprises."

IRRC information and contacts

Susan Williams, at 603-675-9274, follows EEO issues for IRRC, with help from Thea Browder. The Wal-Mart and Cracker Barrel cases have been covered extensively in News for Investors; Judge Wood's Wal-Mart decision was the lead article in the May issue, and the Cracker Barrel decision is the subject of the lead article in the November issue. Other useful references are the article on the glass ceiling on p. 21 of the October 1992 issue of *News for Investors*, the 1993 Background Report (Report M) and the discussion of institutions' views on EEO resolutions (pp. 47-52) in the 1992 edition of *How Institutions Voted.*

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HEALTH CARE POLICY

Overview

Like equal employment, health care has been caught up in a debate over whether it constitutes "ordinary business" or is an appropriate subject for shareholder resolutions. A 1992 court decision involving a resolution to Dole Food, which was vacated on a technicality, had held that proposals asking companies to evaluate competing health care proposals weren't ordinary business. But the SEC nevertheless said that they were when it allowed Brown Group to omit a 1993 resolution from the Amalgamated Clothing & Textile Workers. Actwu has taken the SEC to court over that decision, and the case is in progress.

Actwu has refiled the resolution with Brown Group in hopes that it will win its case. In addition, the Communications Workers of America, whose 1993 plant closings resolution to AT&T failed to receive enough support for resubmission, has gone to AT&T with version of the health care proposal. IRRC has also found in the SEC public reference room files the identical resolution to Ameritech from an individual (presumably a CWA member), and its possible that the proposal will turn up at other Bell companies frofm CWA members who didn't notify IRRC..

The resolution

The CWA resolution asks companies to establish a four-member committee of the board to evaluate the impact of various health care proposals on the company, including the Clinton administration plan, and prepare a report for the purposes of "(1) providing advice and information to the board concerning strategic decisions, or other major policy decisions, that may be necessary to achieve significant cost savings in a reformed regulatory environment; and (2) providing information to shareholders, who may request copies of the report, so that they may evaluate the potential impact of health care reform on the company in making decisions to buy, sell or hold the company's securities."

IRRC information and contact

The Dole decision was the lead story in the May 1992 issue of *News for Investors*, and the Brown Group case is discussed in a story that begins on p. 11 of the October 1993 issue. The 1993 Background-Company Proxy Report on health care was letter V. Susan Williams follows health care.

INFANT FORMULA

Overview

After concentrating in recent years on shareholder resolutions asking companies not to market formula directly to mothers in the United States, church shareholders have returned to the broader, long-running issue of worldwide compliance with the 1981 International Code of Marketing for Breastmilk Substitutes.

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The only resolution pending has been proposed to Abbott.

The resolution

The new proposal asks Abbott "to endorse and implement, within any country's legal context, the International Code of Marketing for Breastmilk Substitutes wherever it sells infant formula." The main issue here is one that has been central to church shareholders' concerns since they ended the Nestle boycott in 1984--that while companies have eliminated many egregious marketing and labeling practices, they continue to provide free supplies of formula to hospitals.

IRRC contact

Heidi Welsh follows infant formula issues for IRRC. The most recent developments in the debate over samples to hospitals were discussed on p. 5 of the February 1991 issue of News for Investors.

MEXICAN OPERATIONS

Overview

It's possible that this will be one of the bigger areas for shareholder activity in the coming proxy season. Shareholders associated with the pension funds of the United Brotherhood of Carpenters and Joiners have gone to more than a dozen firms with a new proposal asking them to prepare written reports "detailing the anticipated impact of the North American Free Trade Act" on their "competitive strategies and long-term shareholder value."

On top of that, church groups are continuing to approach a large batch of companies (about 10 this year) on environmental and equal employment issues involving their maquiladora (Mexican assembly) plants. In the past, resolutions on Mexican maquiladora operations have tended not to be much of an issue for proxy voters because the proponents have been willing to withdraw them if companies were willing to sit down and talk or to offer tours of their plants. All but one of 12 resolutions on maquiladora reporting were withdrawn in 1991, all 10 maquiladora resolutions for the 1992 proxy season were withdrawn, and all but two of 12 were withdrawn in 1993. Church shareholders have written a new resolution on the subject this year, though, and they may be less amenable to withdrawing it than they were when their maquiladora campaign was in its infancy. Among other things, disputes have developed between church shareholders and some companies over implementation of earlier withdrawal agreements.

Carpenters' Nafta resolution: The union resolution asks for a report on the following within three months after each company's 1994 annual meeting: "(i) the specific impact of Nafta on our company's competitive strategies and the policies and programs for their implementation; (ii) the specific impact of Nafta on our company's workers, customers, shareholders, suppliers and the communities in which we do business; (iii) any plans to relocate or outsource production to Mexico; (iv) our company's workplace and environmental standards for its current and future

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Mexican operations; and (v) our company's activities promoting the passage of Nafta and the estimated cost of those activities."

The resolution is being submitted to AMP, BankAmerica, Chemical Banking, Great Lakes Chemical, GTE, Mead, Merrill Lynch, Minnesota Mining, Monsanto, Motorola, Southwestern Bell, Temple-Inland and WMX Technologies.

The new church resolutions asks companies to report on their attitudes toward the following: "1. Establish a process to equalize work conditions, health, education, salaries, including the goal of paying a 'living wage,' and other conditions of living to the highest levels and standards; 2. Develop fiscal policies to prevent environmental harm, regenerate the environment where it has been damaged by existing economic practices and prevent cross-border dumping of toxic waste; and 3. Support establishment of a tri-national commission to monitor progress in raising labor, health and environmental standards for sustainable economic development."

The companies that are apparently receiving the church resolution are AlliedSignal, AT&T, Chrysler, Cooper Industries, Dun & Bradstreet, R.R. Donnelley, Ford, General Motors, Illinois Tool, Johnson & Johnson, A.O. Smith and WMX Technologies.

IRRC information and contact

Heidi Welsh covers maquiladoras for IRRC. The 1993 Background Report on the issue was letter P. An article describing when activists were and were not successful in reaching withdrawal agreements begins on p. 12 of the March issue of *News for Investors*. Pages 52-59 of the 1993 version of our *How Institutions Voted* report discuss institutions' views of the resolutions on Mexican operations that came to votes this year, which were highly sympathetic to management.

MILITARY ISSUES AND DOMESTIC GUN SALES

Overview

Church shareholders have written a new resolution for Wal-Mart and Kmart on gun sales. The rest of the military resolutions, which are also mostly from church groups, will be familiar from earlier proxy seasons. The bulk of them are on economic conversion, but there are also four on foreign military sales, and two each on star wars contracts and military criteria. The total number of military proposals is a bit below that of recent years.

The resolutions

Gun sales: The new resolution on gun sales asks the boards of Kmart and Wal-Mart to review the companies' firearms sales and report to shareholders by Jan. 1, 1995. The review would pursue the following questions: "1. Procedures by which the store can ensure weapons are sold to responsible individuals, including when a potential purchaser will be turned down and how compliance with the Brady bill will be addressed; 2. What types of weapons are appropriate to

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sell; and 3. Whether the store should consider ending the sale of weapons as contrary to its image as a store serving family needs."

Foreign military sales: A resolution on foreign military sales has been resubmitted to FMC, General Motors, Grumman and United Technologies. It asks the companies to report on the criteria they use to accept contracts; the procedures by which they engage in foreign military sales directly with governments or through the U.S. government; and the categories of military equipment exported for the last three years, contracts for servicing equipment and licensing or co-production agreements.

Military conversion: Church shareholders are resubmitting last year's resolution on conversion from military to civilian production to two companies--Eaton and General Dynamics--and proposing it for the first time to Boeing, Martin Marietta and McDonnell Douglas. It asks them to report to all shareholders on the following: "1. The job skills and number of employees dependent upon military contracts and an assessment of employee capacity to transfer skills to civilian production; 2. Criteria used for decisions to continue weapons production and a summary of corporate policy on weapons manufacture; 3. Policies and procedures for diversification of contracts, commercial as well as military, within local production facilities currently more than 30 percent dependent upon weapons contracts; 4. Summary of strategic planning process for studying civilian commercial directions (such as robotics, hydraulics, medical technology or space exploration) including worker retraining, retooling of production facilities, identification of new products and markets and cooperation with local, state and federal economic conversion programs."

In addition, the GE Stockholders Alliance has resubmitted a resolution that asks General Electric to make economic conversion part of its business plans for each plant site with a military contract. Church and union sponsors are also refiling a resolution asking Unisys to establish a "mandatory alternate-use planning committee" and "process for cooperation with unions or labor representatives" at each plant site.

Military criteria: Church requests for defense companies to develop social and moral criteria for evaluating and carrying out military contracts have been about for years. This year church shareholders have resubmitted such a proposal to EG&G and GTE. The resolution proposes that the criteria address the following: basic canons of ethical practice; long-term environmental impacts and waste management; stability of employment; lobbying and marketing practices, including costs; establishment of a limit on military contracts measured by a percentage of sales; competitive bidding; sales of weapons to foreign governments, other companies and individuals; and contracts for nuclear, geological and chemical weapons and delivery systems.

Strategic Defense Initiative: Church shareholders are resubmitting their standard space weapons disclosure resolution to Lockheed and TRW.

The resolution asks for a report within six months of the annual meeting that would address five major questions: "1. What is the current value of outstanding contracts (of the company), including its subsidiaries, to develop space weapons?; 2. How much of the corporation's own

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money (versus funding from the Department of Defense) is being spent on in-house research and development in space weaponry? 3. How do proposed SDI federal cuts affect our company?; 4. Is the company planning to conduct or participate in materials-processing in space experiments; and 5. What policy or direction for the (a) commercial development of space and (b) development of space as potential battlefield has been determined by management?"

Land mines: Church shareholders also expect to present a resolution on production of land mines to Thiokol, but the company's annual meeting isn't until October.

IRRC information and contact

An article on the top 100 defense contractors begins on p. 11 of the September issue of *News for Investors*. Pages 43-52 of our 1993 *How Institutions Voted* report discuss institutions' views of the resolutions on economic conversion and foreign military sales. The 1993 IRRC Background Reports on military issues were Military Criteria, Report D; Economic Conversion, Report H; Space Weapons, Report J; and Foreign Military Sales, Report K. Paul Ferrari is IRRC's military expert.

MINING OPERATIONS

Overview

The Sinsinawa Dominicans have proposed a new resolution to Exxon on plans for mining operations in areas of northern Wisconsin near Native American communities. This is similar to proposals that came up at Exxon in the early 1980s.

The resolution

The proposal asks the company to report on the human, social and environmental concerns in areas where mining is proposed or underway, including the impact on indigenous peoples, the impact on those elements unique to specific local environments, and the impact on any sacred sites of indigenous communities. It also requests a statement of company policy on claims to lands on or near its mining operations and a recitation of efforts the company is making to minimize environmental risks. The proposal also asks the company to describe its relationship with governments, indigenous groups and private citizens and the nature of and reasons for any public opposition.

In the supporting statement, the proponents say they "believe that the process of preparing such a report can lead the company to reexamine its mining operations and to redirect them in ways which may be economically more viable and more beneficial to the people and to the environment affected by these operations."

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IRRC information and contact

Thea Browder is covering this for us. She'll be preparing an article for the February issue of *News for Investors.*

NORTHERN IRELAND

Overview

For 1994, a coalition of church and pension fund shareholders led by New York City has proposed a resolution on Northern Ireland operations to virtually every company with Northern Ireland operations of any size that hasn't reached an agreement with New York City on implementing the MacBride principles.

Shareholder resolutions asking companies to comply with the MacBride principles against religious discrimination in the workplace or to review and report on their operations in Northern Ireland were one area affected by the SEC's late 1992 Cracker Barrel decision allowing companies to omit employment-related proposals. Several companies requested--and won--permission to omit the proposals in 1993. Although the fate of the Cracker Barrel policy is up in the air at the moment while the appeal of Judge Wood's order to end the policy works its way through court (as discussed in the section of this preview on equal employment), companies are not likely to omit Northern Ireland resolutions without an official SEC sanction--New York City, which has led the Northern Ireland campaign, has been notably and successfully litigious on shareholder proposals. Baker Hughes, the company in Northern Ireland that has the earliest annual meeting (Jan. 26), didn't try to get its resolution omitted. The proposals themselves are the same as last year's.

The resolutions

As in earlier proxy seasons, the bulk of this year's resolutions are MacBride proposals. The resolution on the MacBride principles again asks companies to "make all possible lawful efforts to implement and/or increase activity on each of the nine MacBride principles."

This year the MacBride resolution is being proposed to American Brands, Baker Hughes, Dun & Bradstreet, Interface, Interpublic Group, James River, McDonald's, PepsiCo, Reynolds Metals, United Technologies and Xerox. The proposal is also slated for introduction at Seagate Technologies and Tyco International, which have fall annual meetings.

The other resolution asks Black & Decker, Exxon, The Gap, General Electric, Illinois Tool, Marsh & McLennan and Minnesota Mining to report on their operations in Northern Ireland. The resolution asks that the report include: "the company's equal employment opportunity policy and practices; plant location; ways to increase the number of jobs and the minority representation at the plant." Black & Decker, The Gap, General Electric and Illinois Tool all have small operations in Northern Ireland, and a representative of the Minnesota pension board, the filer of the resolutions to those companies, told IRRC that the companies had traditionally been

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cooperative about providing reports. If that continues to be the case, he said, the resolutions should be withdrawn.

IRRC information and contact

Ken Bertsch is the head of IRRC's Northern Ireland program, and Heidi Welsh works with him on Northern Ireland issues. They will be holding a Reportback on their recent trip to Northern Ireland for IRRC subscribers and interested corporate executives in New York on Jan. 18. Articles on the political situation in Northern Ireland and the MacBride campaign have appeared in many issues of *News for Investors* this year. IRRC's 124-page Special Report, *The MacBride Principles and U.S. Companies in Northern Ireland,* was published in September 1991. Pages 53-60 of the 1992 version of IRRC's *How Institutions Voted* report discusses institutions' policies on MacBride resolutions. The Background Report for the 1994 shareholder resolutions (1994 Background Report A) is being mailed with this preview.

OCCUPATIONAL HEALTH

Overview

The United Brotherhood of Carpenters and Joiners has proposed a resolution on occupational health and safety to Atlantic Richfield and Exxon. It's basically the same resolution as one the Carpenters proposed to Amoco, Dow Chemical and Phillips Petroleum last year and then withdrew before the annual meetings when the companies provided the reports.

The resolutions

The resolution asks the companies to develop and publish comprehensive health and safety policies that address "the concerns of shareholders, employees and communities." It asks that the companies issue reports analyzing "the long-term impact of the health and safety policy on the company's competitiveness and shareholder value, employees and surrounding communities."

In the supporting statement, the resolution cites "an unacceptable level of industrial accidents in the petrochemical industry" that has spurred new regulations. It argues that the manner in which the requirements are implemented "will have a profound impact on the degree to which health and safety is increased."

IRRC contact

Ken Bertsch follows labor issues for IRRC.

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SMOKING AND TOBACCO

Overview

Anti-smoking activists haven't had much success getting decent votes on shareholder resolutions, but they keep trying new approaches when old resolutions fail to receive enough support for resubmission. This year they have a new resolution at Philip Morris, RJR Nabisco and UST on helping tobacco farmers convert to other crops; a new resolution to RJR and Philip Morris asking them to end a suit challenging federal studies on the effects of secondhand smoke; and a new resolution asking RJR to support enforcement mechanisms geared to keeping minors from smoking. They have also proposed a new resolution to Knight-Ridder, Time Warner and Tribune Co. asking them to develop ethical criteria for cigarette advertising and rewritten a resolution to American Brands and Loews on links with insurance subsidiaries.

A 1993 proposal asking for warnings on all materials that promote cigarettes is being resubmitted to Loews and Philip Morris and proposed to RJR. American Brands again has a proposal on sales of tobacco to the poor and minorities. A resolution asking insurance companies about their tobacco holdings is being proposed to a number of new targets--American General, American International, Great Western Financial and Lincoln National. A resolution asking drug chains not to sell cigarettes in stores where they have pharmacies, which has been proposed several times but never come to a vote, is slated for Smith's Food and Drug. And a proposal on smoke-free restaurants that was thrown out last year on ordinary business grounds is being submitted to PepsiCo and Wendy's and possibly to McDonald's.

The resolutions

NEW TOBACCO PROPOSALS--

Conversion of farm land: A new resolution to Philip Morris, RJR Nabisco and UST (which makes smokeless tobacco) asks the companies to establish a committee of the board "to review the company's connections to its farm-suppliers and to determine how they can be helped in efforts at economic conversion from dependency on tobacco to use of farmland for other purposes." The resolution also asks the company to support legislation at the federal and state levels to help ease the conversion.

Environmental tobacco smoke: Church shareholders have written a new proposal to Philip Morris and RJR Nabisco inspired by the fact that the companies had sought a permanent injunction overturning the Environmental Protection Agency's 1993 finding that passive tobacco smoke is a human lung carcinogen. The resolution argues that because no warning labels discuss hazards of passive smoking, efforts to undermine notification of those hazards "might result in huge fees for lost ETS lawsuits." The resolved clause asks the companies "to refrain from efforts to undermine legislation geared to restrict smoking in public places and to cease expenditures of funds challenging legitimate studies consistently showing ETS health hazards."

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Enforcement of mechanisms to prevent sales to minors: A new resolution to RJR Nabisco asks the company "to endorse a policy supporting enforcement mechanisms at all governmental levels (state, county/parish, local) geared to prevent illegal sales to minors of tobacco products." The resolution also asks the company to evaluate "its minor-oriented anti-smoking materials' effectiveness and expand them to include support for enforcement mechanisms geared to keep minors from smoking our tobacco products." The resolution alleges that the company "recently launched massive efforts to keep local enforcement mechanisms geared to keep minors from smoking from being passed," and it cites in particular efforts to defeat a local ordinance in Fond du Lac, Wis.

Ethical criteria for cigarette advertising: Church shareholders have devised a new resolution for Knight-Ridder, Time Warner and Tribune Co. asking them to prepare reports by Sept. 1, 1995, that "will develop ethical and moral criteria providing guidelines related to cigarette advertising" for their publications.

This resolution replaces a 1993 proposal asking advertisers to report on consumer perceptions of tobacco ads and steps companies could take to ensure that cigarette ads complied with the cigarette industry's voluntary ad code. The proposal came to a vote at Time Warner and Gannett; Gannett sought and received permission to omit the resolution on ordinary business grounds, but the SEC decision came too late, and the company had already printed its proxy statement. The new resolution would also appear to be vulnerable on ordinary business grounds--the SEC staff has been increasingly supportive of media industry arguments that content is an ordinary business matter--but because the SEC won't issue "no-action" letters until settlement of the judgment in the Cracker Barrel case (discussed in the overview of equal employment resolutions in this report), the proposals might end up in proxy statements.

RETURNING RESOLUTIONS--

Advertising to targeted audiences--American Brands has again received a resolution that asks for a special report on promotion of lower-priced cigarettes to African-Americans and low-income persons. The report would cover: 1) the total number of advertisements in "black-oriented and general public" magazines and newspapers and the total number of black and white models in each; 2) the total number of billboards in areas with African-American concentrations and with Caucasian concentrations; 3) attitudes on distributing billboard advertising equally in "black and white areas" and including mandatory health warnings equal to 25 percent of billboard space; and 4) an assessment of what impact expenditures for low-priced brands among low-income persons may have on health care costs and discretionary income.

Health warnings: Shareholders have refiled a resolution to Philip Morris and Loews and are asking RJR Nabisco and UST for the first time to include warnings on all forms of marketing relating to cigarettes. The resolved clause asks that the boards adopt the following policy by 1995: "All promotional and advertising items for the company's tobacco products distributed throughout the world shall include clear and effective health warnings about the dangers of addiction, disease and death from smoking." The supporting statement makes clear that the

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proponents are particularly concerned about company symbols and logos at sporting events sponsored by cigarette companies, which they believe encourage young people to smoke.

Contradictions between smoking and insurance: Revised resolutions to American Brands and Loews, both of which have tobacco and insurance divisions or subsidiaries, address what the proponents see as contradictions between the two types of business. The resolutions request a special report to shareholders by Nov. 1, 1994, that would discuss the rationale between "the apparent contradiction between advertising and promoting cigarettes yet giving preferential insurance rates for persons who do not smoke" and would summarize research by the company related to the health hazards of smoking among people who have been insured by the company. The resolution also asks for the annual estimated impact smoking had on each company's insurance payments for smoking-related deaths, diseases or property loss between 1988 and 1993, and the annual estimated earnings the company realized from its tobacco operations in the same period.

A broader version of this resolution was omitted at American Brands last year because it also dealt with the smoke-free workplace, but it came to a vote at Loews, which didn't challenge it.

Insurance companies' tobacco holdings: Church shareholders have found a number of new targets for a resolution asking tobacco companies to review "the appropriate ethical responses" to take as an investor in tobacco companies." The resolution is pending at American General Insurance, American International, Great Western Financial and Lincoln National. It came to a vote one year at Aetna, and was withdrawn at Aetna, Travelers and Cigna in earlier proxy seasons.

The review would focus on three areas: "(1) The appropriateness of holding stock in tobacco companies and whether it is socially or financially responsible to divest of this stock. This should take into account the depressed price of tobacco company stock and expected long-term impact on the portfolio; (2) Ways in which the company can keep its shares and creatively express itself as to the tobacco companies regarding their policies and practices; (3) The impact smoking has on insurance payments for smoking attributable deaths, diseases or property loss."

Smoke-free restaurants: Church shareholders are asking PepsiCo and Wendy's (and depending on the outcome of negotiations, possibly McDonald's) to "create a policy to make all corporate facilities smoke-free by 1995." The resolution also asks that all renewals of franchise agreements require smoke-free facilities. Last year, the SEC staff has held that this is an ordinary business question, but the proponents hope that increasing publicity on the effects of passive smoking might spur a change of heart.

Cigarette-free pharmacies: Smith's Food and Drug is asked to stop selling any cigarettes or smokeless tobacco by Sept. 1, 1994. This is a resolution that has been proposed to several companies but has never come to a vote. It's clearly vulnerable on ordinary business grounds, but it has nevertheless provided proponents with a foot in the door to discuss the issue. Discussions in earlier proxy seasons have led to withdrawals at Melville and Walgreen.

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